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SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

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3000 K STREET, NW, SUITE 300  
WASHINGTON, DC 20007-5116  
TELEPHONE (202) 424-7500  
FACSIMILE 0

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

NEW YORK OFFICE  
405 LEXINGTON AVENUE  
NEW YORK, NY 10174

April 12, 2001

ORIGINAL

**VIA HAND DELIVERY**

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals - TW-A325  
445 Twelfth Street, S.W.  
Washington, DC 20554

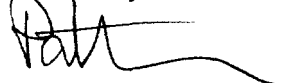
Re: Ex Parte  
CC Docket No. 96-98/  
CC Docket No. 98-147

Dear Ms. Salas:

Pursuant to Section 1.1206(b) of the Commission's rules, 47 C.F.R. Section 1.1206(b), this letter provides notice that on April 11, 2001 James Geiger, Chief Executive Officer; Julia Strow, Vice President - Regulatory, and Brooks Robinson, Vice President - Business Strategy, Cbeyond Communications, and the undersigned met with Chairman Michael Powell and Kyle Dixon concerning issues in the above-captioned proceedings. We presented the views set forth in the attached document, which was provided at the meeting.

Four copies of this letter are attached.

Sincerely,



Patrick J. Donovan

cc: Chairman Michael Powell  
Kyle Dixon



# Cbeyond Communications

**James Geiger** - Chief Executive Officer

**Julia Strow** - Vice President, Regulatory

**Brooks Robinson** - Vice President, Business Strategy

*April 11, 2001*

*CC Docket No. 96-98*

# Cbeyond Communications



*“Enforcement of the '96 Telecom Act will provide significant opportunities for innovative and responsible service providers”*

# C Agenda

- Introduction to Cbeyond
- How Cbeyond is Changing the Game
- What Cbeyond Needs from the FCC

# Cbeyond Business Overview

- Founded in November 1999 to provide the under-served small business market an integrated voice and broadband Internet service
- Leverage innovations in VoIP and soft-switch technologies to provide a “disruptive” economic and operational advantage over legacy providers
- Broadband Applications Service Provider (BASP)
- \$141M in initial funding led by Madison Dearborn, Battery Ventures, Vantage Point Venture Partners and Morgan Stanley in March 2000
- Management Team recruited for leadership and innovation
- +130 employees; +70 customers; headquartered in Atlanta, Georgia

# C Jim Geiger – Founder, Chairman and CEO

- '77 Clarkson University → B.S. Accounting/Pre-Law
- '81 Price Waterhouse → Audit/Consulting
- '84 Rochester Tel. → RCI Long Distance → Frontier → Global Crossing
- '89 Cellular One → Associated Communications → Sold to SBC
- '91 FiberNet, Inc  
FiberNet, USA → 10% owned by Time Warner → Sold to MFS  
→ Sold to Intermedia
- '95 Intermedia/Digex → CLEC, Complex Web Hosting
- '99 Cbeyond Communications

# C Experiential Thesis

- Innovation and investment follows competition
  - From the core to the edge
    - Telecom
    - Transportation
    - Energy
  - From business to consumer
- Competitive framework federally imposed

***“We are at a transition point in the telecom industry last seen in 1984 with equal access and the birth of MCI”***

# C Industry Transition Point

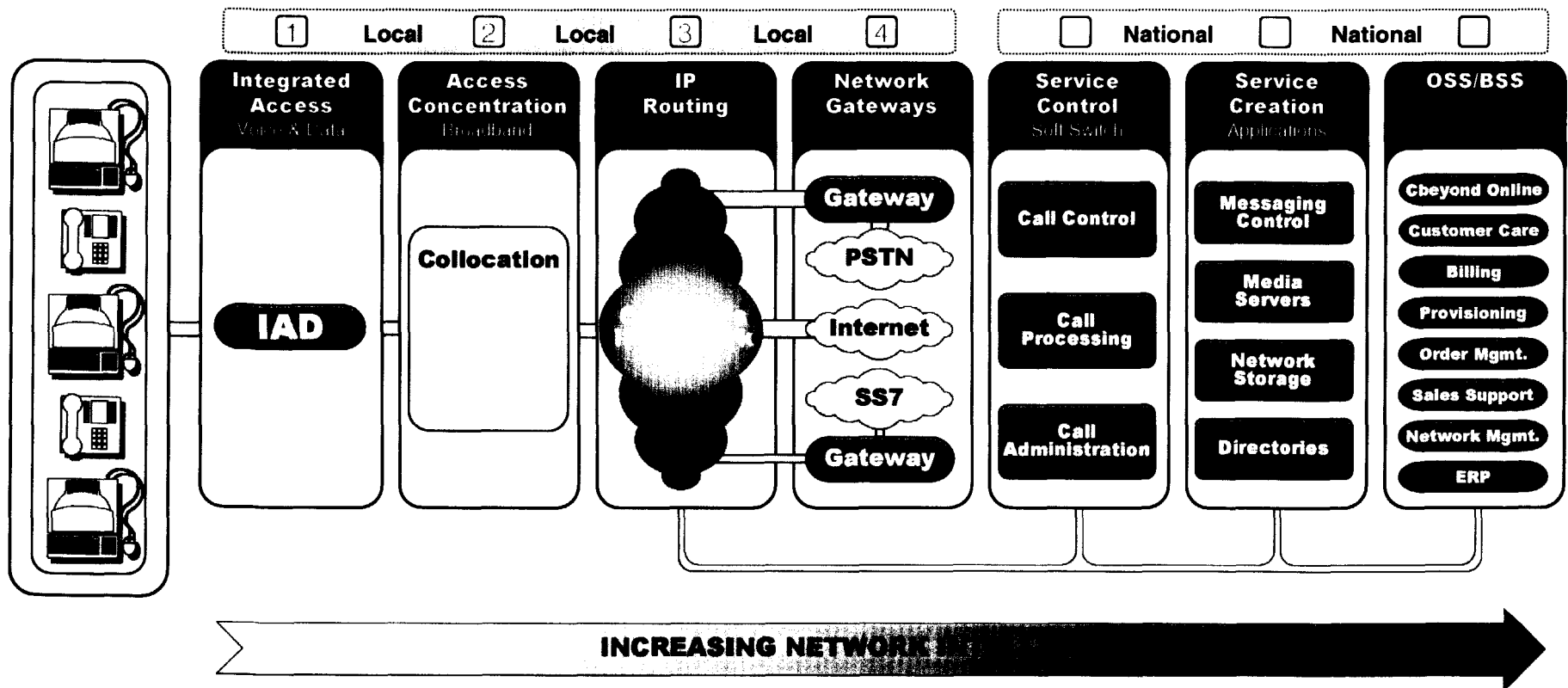
- IP, not TDM or ATM
- Voice as a data (packetized) application
- Broadband (1.5 Mbps), not narrowband (64 kbps)
- True integration of communications services, resulting in higher ARPU
- Access technology agnostic (e.g. DS1, DSL, Fiber, Cable, Wireless)
- Disruptively lower capital and operating costs
  - Success-based capital deployment
  - One network, one OSS/BSS with better tools for customer service
- Larger Addressable Market
  - Past: +15 lines → Present: 5 to 25 lines → Future: 3 to 25 lines

# Cbeyond Business Model

- Target Market
  - Small businesses (5 to 25 lines) in Tier 1 markets
  - Fully funded markets: Atlanta, Dallas, Denver, Chicago and Philadelphia
- Facilities-based Communications Service Provider
  - Access agnostic: initial focus on predictability of UNE and EEL DS1s
  - Collocations and local data centers
- Network Technology
  - Cisco powered, local VoIP network (Class 4 & 5 functionality)
  - Single, integrated voice and data network
- Core Competencies
  - Direct sales force and market-based service organization
  - Next-Gen OSS and BSS

# Cbeyond's Next-Generation Network

A single, integrated Internet Protocol (IP) infrastructure that connects small business customers with broadband capabilities.



# Cbeyond's Key Successes

- Technology Validation
  - Extensive Lab and Technical Trials validated the functionality and reliability of Cisco's end-to-end IP Telephony and broadband Internet solution
- OSS/BSS Development
  - Completed detailed business process definition
  - Focused significant development on customer interfaces with back-office
- Market Launch (Feb/Mar 2000)
  - General availability of integrated local, LD and broadband Internet service
  - Customer acquisition and Sales Rep. productivity significantly ahead of plan
- Customer Admiration Index
  - Cbeyond is changing the customer experience and building a "culture of referrals"

# Cbeyond's Key Challenges

- Local loop provisioning and repair
  - Intervals
  - Parity with retail analog (e.g. EEL provisioning)
- UNE Pricing
  - Wide variation in UNE pricing by market
  - Local Loop: \$57 in Atlanta (BST); \$183 in Dallas (GTE)
- Uncertainty in rules and regulations that impact technology innovation
  - Collocation (e.g. multi-function equipment)
  - High capacity loops and transport
- Enforcement of the Telecommunications Act
  - Compliance with Section 251, 252 and 271
  - Tougher penalties for non-compliance

# Switching Carve Out

C

- Zone 1 limitation should be expanded to include any MSA meeting the criteria to qualify
- Record does not support raising the current four line threshold
- Voluntary EEL provision should be maintained

# C Summary

- Introduction to Cbeyond
  - Cbeyond is a next generation facilities-based service provider
  - Focused on providing small business customers (5 to 25 lines) an integrated voice and broadband Internet service
- How Cbeyond is Changing the Game
  - Cbeyond is leveraging innovations in VoIP and soft-switch technologies to provide a “disruptive” economic and operational advantage over legacy providers
- What Cbeyond Needs from the FCC
  - The FCC should maintain its focus on enforcement
  - FCC policies should facilitate technology innovation